

Types of Alpha

In the next few lectures, we will look at 4 types of market inefficiencies (aka alpha¹):

- Data
- Global Macro
- High-Frequency Trading
- Market Microstructure

There are more than 4 types of alpha (others include equities and fixed income investing using company fundamentals etc). The types of alpha that exists change over the years. These are 4 which we are confident still exist today. These 4 types are not mutually exclusive, there are overlaps between them.

For those who have trouble coming up with trading ideas, do look out for these lectures.

Note that we are not going into the specifics on how to run these 4 types of strategies. Each of these can be a whole new course on its own. However, once you understand how these 4 types of alpha work. You should be able to understand where and how to start learning how to design and implement those strategies.

¹ [https://en.wikipedia.org/wiki/Alpha_\(finance\)](https://en.wikipedia.org/wiki/Alpha_(finance))